

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

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| (1) DEPARTMENT General Services Agency, Probation Department | (2) MEETING DATE 09/17/2013 | (3) CONTACT/PHONE Janette Pell, General Services Agency Director 805-781-5200; and James Salio, Chief Probation Officer, 805-781-5300 | |
| (4) SUBJECT Request to approve SB81 State construction agreements and funding certificates for the Juvenile Hall Expansion Project, including the State Project Delivery and Construction Agreement (Clerk's File), the Board of State and Community Corrections (BSCC) Construction Agreement (Clerk's File), the Certificate for County Cash Match Funding (Clerk's File), and the Certificate for Other County Funding (Clerk's File) to allow the project to move through the State lease bond process. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board approve and instruct the chairperson to sign the following: <ol style="list-style-type: none"> 1. California Department of Corrections and Rehabilitation (CDCR) Project Delivery and Construction Agreement (Clerk's File); and 2. Board of State Community and Corrections (BSCC) Local Youthful Offender Rehabilitative Facility Construction Agreement (Clerk's File); and 3. Certification for County Cash Match Funding (Clerk's File); and 4. Certificate for "Other Participating County Funding" (Clerk's File). | | | |
| (6) FUNDING SOURCE(S) \$13.12M SB81 Funding \$3.5M General Government Building Replacement Reserves - Juvenile Hall Bldg. Designation \$1.38M In-kind match | (7) CURRENT YEAR FINANCIAL IMPACT \$2.1M in budgeted funding June 2009 to September 2013 | (8) ANNUAL FINANCIAL IMPACT NA | (9) BUDGETED? Yes |
| (10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>15 min.</u>) | | | |
| (11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Certificates <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) NA | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: NA <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A | |
| (14) LOCATION MAP Attached | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: 6/04/13, 4/23/13, 4/02/13, 2/07/12, 9/21/10, 6/02/09, 12/16/08, 10/14/08 | |
| (17) ADMINISTRATIVE OFFICE REVIEW Geoff O'Quest, Administrative Analyst | | | |
| (18) SUPERVISOR DISTRICT(S) District 2 - | | | |

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency

Janette Pell, General Services Agency Director, 805-781-5200; and
James Salio, Chief Probation Officer, 805-781-5300

DATE: 09/17/2013

SUBJECT: Request to approve SB81 State construction agreements and funding certificates for the Juvenile Hall Expansion Project, including the State Project Delivery and Construction Agreement (Clerk's File), the Board of State and Community Corrections (BSCC) Construction Agreement (Clerk's File), the Certificate for County Cash Match Funding (Clerk's File), and the Certificate for Other County Funding (Clerk's File) to allow the project to move through the State lease bond process.

RECOMMENDATION

It is recommended that the Board approve and instruct the chairperson to sign the following:

1. California Department of Corrections and Rehabilitation (CDCR) Project Delivery and Construction Agreement (Clerk's File); and
2. Board of State Community and Corrections (BSCC) Local Youthful Offender Rehabilitative Facility Construction Agreement (Clerk's File); and
3. Certification for County Cash Match Funding (Clerk's File); and
4. Certificate for "Other Participating County Funding" (Clerk's File).

DISCUSSION

The General Services Agency and Probation Department are submitting four documents for review and approval as noted above. The two construction agreements, from the California Department of Corrections and Rehabilitation (CDCR) and the Board of State Community Corrections (BSCC), are required as part of the County's obligation as a recipient of SB81 State funding for Juvenile Hall Expansion Project. These agreements define the roles and responsibilities of each party in funding the project through the release of State Bonds and ultimately the State's debt service to repay the Bonds. The recommended action today finalizes the construction agreements between the State and the County, and initiates the next step, which will be to develop the Ground Lease and the Right of Entry Agreements, the two remaining State agreements necessary for the project to proceed.

The State has also added the requirement for counties to certify the availability of the project's cash match funds are derived from a lawful source under the authority of the Board of Supervisors. The two certificates presented today represent the County's commitment to fund the original cash match and to fund additional estimated costs that are not covered under the State Bonds.

Following the approval of all four agreements and the construction plans, the State's Pooled Money Investment Board and the Department of Finance will review the project and authorize the County to bid the project. The County's awarding of the construction contract, contingent on final review and approval of funding from the State, will then commit the County to building the project.

Background

The Juvenile Hall Expansion Project is funded by a combination of State and County funds at a current estimated cost of approximately \$18.5 million. The State funding totals \$13.1 million and is derived from State Bond funds made available by SB81. The remaining cost is funded by the County through a combination of cash and in-kind sources.

The scope of the expansion adds approximately 24,000 square feet to the existing Juvenile Hall facility constructed in 1981. The expansion will add 20 beds within a new high security housing unit, three classrooms, counseling rooms, utility infrastructure, multipurpose facility and staff support offices with training room. The exterior improvements include a recreational yard, a canopy structure from the housing units to the new multipurpose building, and perimeter fire access. This project requires expertise in special detention and security systems, and other design, structural and operational considerations related to the requirements to operate a 24 hour housing and treatment facility for in-custody youth.

The architectural firm Ravatt, Albrecht and Associates was selected in 2012 to design the expansion of the Juvenile Services Facility. The design team completed the preparation of the construction documents in August 2013, and anticipates final review and approval of the documents by the State agencies in November 2013. Authorization to bid is currently expected to come before the Board of Supervisors in January 2013 provided there are no further State delays.

State Agreements

The Probation Department, General Services Agency, and County Counsel are involved in the development and review of the agreements to secure SB81 funding in the amount of \$13,120,983. Several steps are required to develop and administer this process through the Board of State Community Corrections (BSCC) and the California Department of Corrections and Rehabilitation (CDCR). Part of that process involved the State Public Works Board recognizing the project on April 15, 2013 through their review of the preliminary expansion plans, and the State Department of Finance completing their review and acceptance of the Agreements in September 2013.

Submitted to the Board for review and approval are the Project Delivery and Construction Agreement (PDCA) and the Local Youthful Offender Rehabilitative Facility Construction Agreement. The agreements presented today formalize the County's obligations and the State requirements which will allow access to funding through SB81.

The Project Delivery Construction Agreement does the following:

- Establishes the requirements for complying with the BSCC rules and regulations regarding Youth Rehabilitation facility construction.
- Binds the County to build the project once funding is received from the State, and turns ownership of the project over to the County to operate and maintain the facility.
- Initiates the development of the ground lease and right of entry agreements with the State to establish the project's legal site boundaries and the State's future right of entry to the facility. The ground lease and the right of entry agreements are part of the Bond financing requirement to define the building and site as a separate stand-alone facility. This definition is necessary should the State default on the repayment of the Bonds and the bond holder take ownership of the facility. The agreements and lease are terminated when the Bonds are retired.
- Provides the terms and conditions for the County's beneficial use of the project until such a time that the Bonds have been paid by the CDCR and retired.

The Local Youthful Offender Rehabilitative Facility Construction Agreement identifies the following:

- The project scope of work that is eligible for the SB81 financing, and the SB81 Youth Offender Rehabilitation financing program as the funding source to building the project.
- The project financing and matching funds for the project.
- The project timeline through construction.
- The roles, responsibilities, and performance expectations by the County and the State.

Certificates of Cash Match and Other Participating County Funding

The Certificates for County Cash Match and Other County Funding are assurances that the project funding is from a legal and lawful source under the authorization of the Board of Supervisors. The Certificate for County Cash Match in the amount of \$2,375,000 is unchanged from the original budget authorized by the County Board of Supervisors on June 2, 2009. The County also funded \$750,000 for County project management for an estimated total of \$3,125,000 in project

costs.

The Certificate for Other Participating County Funding represents the County's commitment to fund expenses that may be necessary to complete the project beyond the original commitment amount certified in the Certificate of Cash Match. These costs, totaling \$238,000, are estimates at this point and represent possible budget impacts due to escalation, State imposed fees, and unanticipated expenditures. The total includes the State mandated construction escalation factor of 5% per year, which indicates an additional \$54,000 is required to fund the construction, and \$184,000 required for increases in costs for professional services and unanticipated fees imposed by the State.

On June 2, 2009, the Board of Supervisors accepted the award of the SB81 funding and appropriated the \$3,125,000 of estimated projects costs and an additional \$375,000 for significant unforeseen project impacts. The total \$3.5 million was appropriated from the General Government Building Replacement Reserves and is adequate to meet these obligations.

Following the County's approval of the agreements and the funding certificates, the BSCC will present the agreements to the State Public Works Board for final approval by the State, and will initiate the ground lease and right of entry documents. The SB81 funds commit the County to lease the site for the expansion to the State for 30 years, or until such a time as the Bonds are fully paid and retired.

OTHER AGENCY INVOLVEMENT/IMPACT

The Juvenile Hall Expansion Steering Committee with participants from the Probation Department, Auditor-Controller's Office, County Administrative Office, County Counsel, and General Services Agency staff are actively involved in this project's review and oversight. The following State agencies are involved in the approval process: CDCR, BSCC, the State Department of Finance, Pooled Money Investment Board (PMIB), State Public Works Board, State and local Fire Marshals, the State Real Property Division of General Services, State Water Quality Control Board, and State and US Departments of Fish and Wildlife.

FINANCIAL CONSIDERATIONS

In June 2009 the Board accepted SB81 lease bond financing from the State to expand the Juvenile Hall facility. The total cost of the project was estimated in 2008 at \$17,494,644. The project is funded by a combination of State bond funding and County funding, both cash and in-kind match. The State's commitment is limited to \$13,120,983 of construction costs, and no more than 75% of total eligible project costs. In June 2009 the Board appropriated \$3,500,000 to fund the County's portion of the project of which \$3,125,000 was authorized to fund the County's Cash Match commitment and the remaining \$375,000 was designated for significant unforeseen project impacts. To date the Board has appropriated a total of \$2,138,400 to fund the project through design and bidding.

In April 2013 GSA and Probation updated the Board on the project's financial status and potential impacts to the project's budget. GSA estimated that in addition to the \$3,125,000 previously appropriated, an additional \$931,000 would likely be needed to fund the project's soft (i.e., non-construction) costs through the end of the project. The majority of this funding has already been identified. As shown below, \$375,000 of additional funding is available from the total appropriated in 2009. Additionally, at end of FY 2012-13, \$400,000 of excess Fund Balance was set aside in the Facilities Planning designation for this project to offset additional costs, leaving an additional \$156,000 of unfunded potential future costs.

Table 1. Summary of Estimated Project Costs and Available Funding

| Fund Source | 2008 Cost Estimate | Current Cost Estimate | Change in Cash Needed |
|---------------------------------------|-------------------------------|----------------------------------|----------------------------------|
| State | \$ 13,120,983 | \$ 13,120,983 | \$ - |
| County cash | \$ 3,125,000 | \$ 4,056,000 | \$ 931,000 |
| County in-kind | \$ 1,248,661 | \$ 1,376,300 | \$ - |
| Total Project | \$ 17,494,644 | \$ 18,553,283 | \$ 931,000 |
| Funding for unforeseen impacts (2009) | | | \$ (375,000) |
| FBA set aside for project (2013) | | | \$ (400,000) |
| Potential unfunded future cost | | | \$ 156,000 |

The Certificate for Other Participating County Funding presented to the Board today requires the County to certify the its obligation to fund additional project costs above the original cash match amount. Specifically, the State has requested that the County certify a total \$238,000 of additional project costs at this time. These costs are a subset of the \$931,000 of additional project costs discussed above, and include construction cost escalation, additional professional services, State imposed fees, construction testing and other soft costs.

GSA and Probation will return to the Board in October 2013 seeking approval for two additional State agreements. A full update and a review of the project status will be provided at that time.

RESULTS

The approval of the Agreements and the Certificates will provide the legal documents for meeting the terms and conditions under the SB81 bond funding for the construction of the facility and its ultimate operation. The expanded facility will enable the County to provide programs and services to a growing community with significant capital cost offset in State Bond funding.

ATTACHMENTS

1. 091713 JHE Vicinity Map
2. 091713 JHE Attachment A – Chronology of Board Actions
3. 091713 JHE CDCR Project Delivery and Construction Agreement (Clerk's File)
4. 091713 JHE BSCC Construction Agreement (Clerk's File)
5. 091713 JHE Certificate of County Match Funding (Clerk's file)
6. 091713 JHE Certificate of Other County Funding (Clerk's File)